

THE IT STRATEGY TOOLKIT

by Musab Qureshi



With all of the buzz around strategic planning, it's understandable that today's IT manager or CIO, however shrewd he or she may be, might feel overwhelmed by the plethora of definitions on offer. The easy-to-use toolkit presented in this article provides a simple, yet effective, tried-and-true approach to building and executing an IT strategy.

WHAT IS AN IT STRATEGY?

Today's CIOs are under far more pressure than ever before. They are expected to do more with less, without sacrificing quality, in a post-recession environment where the role of IT is rapidly changing. Globalization, fast-paced product innovation lifecycles, political turmoil, offshoring, the growth of consumer technologies, the emergence of new paradigms like cloud computing, the spiraling complexity of IT environments, legal and compliance requirements—these and other factors affect the way businesses are run. This, consequently, influences the demands on IT.

"IT strategy" is an interesting term, surrounded as it is by an aura of mystique. Most IT managers either have one or they want one. However, gather any number of IT people together and ask them to articulate their understanding of it, and you'll be surprised how many divergent perspectives there are. And

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the plethora of formal definitions and approaches to IT strategic planning proposed by academicians and practitioners alike, compounded by an almost reckless use of the term, doesn't make the task of formulating a single definition any easier.¹

Nonetheless, the following definition provides an effort to synthesize the different schools of thought: "An IT strategy is the *raison d'être* of the IT organization; it provides a focus for prioritizing and allocating resources." In other words, the IT strategy provides a vision, a road map, and a mechanism for effective use of its resources.

Every organization has an IT strategy of some sort, however rudimentary it may be. In many cases, though, it is little more than a concept or a vision. No effort is made to have it formalized, agreed upon, or documented, and its implementations are neither managed nor measured. If this is where your organization stands, know that, unfortunately, you're not alone. The guidance provided by this toolkit should help you take the necessary steps toward an actionable IT strategy.

¹ Henry Mintzberg, Joseph Lampel, and Bruce Ahlstrand, *Strategy Safari: A Guided Tour Through the Wilds of Strategic Management* (Prentice Hall, 2008).

HOW CAN AN IT STRATEGY BENEFIT MY ORGANIZATION?

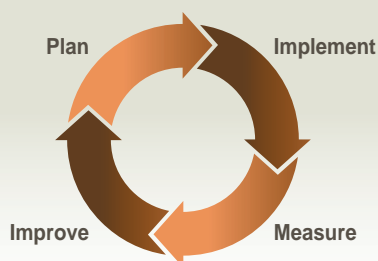
Gaining support for an IT strategy can be a challenge. Below are some points that can help you build a business case:

- An IT strategy answers these questions: What does IT do? Why does IT do what it does? For the business, it improves their understanding of IT and helps align the expectations of all stakeholders.
- Executives are not concerned with individual project delivery or the day-to-day operations; they care more about whether IT aligns with the company's goals, whether IT investments are prioritized wisely, and whether suitable governance structures are in place to keep things on target. An IT strategy provides the high-level view that addresses all of these concerns.
- Without a strategy defining IT's principles and goals, management has no framework to ensure that it's focusing on the right things. A strategy provides alignment, unity, and cohesion across the organization.
- Decision making in IT should be based on policies and principles. These decisions should be based on and documented in IT's strategy.
- Without a strategy, resources are assigned not on the basis of business need, importance, or strategic advantage, but as a reaction to the "need of the day" or the whims of those who shout the loudest.

THE IT STRATEGY CREATION PROCESS

So, you've decided that an IT strategy is important. The next step is to begin creating your strategy. If you already have an IT strategy, this toolkit, based on Deming's continual improvement principles, will help you identify any gaps or areas for improvement. If you need a strategy, the model described on the following pages can be used to plan, execute, measure, and improve an IT strategy.

The diagram below provides a high-level overview. Note the cyclical nature of the process, how improvement recommendations are fed back into the planning phase for subsequent strategy updates. In this article, we will focus on the planning stage. For more information about the implementation, measurement, and improvement stages, stay tuned; we will address them in the next issue of *SupportWorld*.



PLANNING

Whether this is your first attempt at developing an IT strategy or you are simply updating or improving an existing one, you will require sufficient resources and serious commitment. For a smaller organization, this can mean one staff member working with a consultant and collaborating with key stakeholders. For larger environments, this could mean a team of people supported by external help when necessary. Regardless, when choosing a consultant, it's important that the IT staff retain strategy ownership. It's also imperative that the CIO drives the strategy effort, and is actively engaged every step of the way. After all, this individual is accountable for any strategic commitments IT makes.



The next step is identifying the key people, their roles, and the inputs that is required. Map out the project team's organizational structure and define the principle roles, such as project sponsor; also, ensure that they understand how much time they will need to commit to the initiative. A planning technique called stakeholder analysis can be used to identify all parties related to the strategy initiative. One common mistake is to only consider stakeholders from within IT; be sure to include representatives from related departments, like finance, business planning, support, and those who deal with contracts, risk management, etc. Finally, identify any risks early on and put together a project plan (using, for example, a Gantt chart) to describe the work involved in the delivery of the final outputs.

Once this basic information has been compiled and clarified, it is a good time to hold a kick-off meeting or workshop. The session can be used to present the IT strategy initiative and explain what will be required from each person. Make this presentation a high-profile event; invite as many stakeholders as possible, especially those who will provide input and those responsible for strategy execution. Involving them at this early stage will help secure buy-in. Use the feedback from the presentation to update the project plan and deliverables.

THE IT STRATEGY TOOLKIT

One of the things to consider early on is the strategic positioning of IT. This will be based on a number of factors, and it requires management direction and approval, but it is a pivotal step in your strategic planning since it establishes the foundation for most of what follows. The table below lists some examples that can help you define your strategic positioning.

Corporate Positioning	IT Positioning
Cost savings	<ul style="list-style-type: none"> IT considers standardization of the application and technology landscapes. Efficiency drives new models, such as virtualization, cloud computing, reuse, offshoring, or outsourcing (which helps focus resources on core business areas). All of these can help reduce IT expenditures.
Maximize time to market	<ul style="list-style-type: none"> In most industries, innovation is an important consideration; to outdo the competition, speed is imperative. The product development lifecycle relies on IT's ability to deliver projects rapidly, reliably, and consistently. To meet this need, IT needs robust enterprise architectures, easily customizable technology components, and flexible processes.
Product innovation and differentiation	<ul style="list-style-type: none"> Enterprise architecture helps standardize the technology and applications environment so that IT has control over its resources. IT procurements address the business's need for flexible, standardized systems. These systems are functionality-rich, extremely agile, and support easily configured customizations.
Customer focus	<ul style="list-style-type: none"> IT provides services and solutions that promote customer acquisition and retention, so the channels for serving customers are numerous and easy to use. Customer satisfaction data is gathered through the website and other methods. IT's self-service solutions encourage customer autonomy. There is a direct correlation between the reliability of business services (which are supported by IT) and customer loyalty.

The planning phase of the IT strategy development process also involves an environmental analysis of the business and technical landscape. One common technique for this type of survey is the SWOT analysis (strengths, weaknesses, opportunities, and threats), which looks at both external and internal factors.

External analysis involves external stakeholders and other departments within the organization, like finance (for budgeting), HR (for workforce planning), and others. It takes into account:

- The business's mission and goals;
- The business's processes and workflows;
- Customer requirements;
- Market conditions;

- Technology trends and changes;
- Legal, regulatory, or compliance requirements; and
- Budgets.

Internal analysis involves internal stakeholders, such as:

- IT operational management, as they have insight into the capabilities, limitations, and risks that relate to the current technology;
- IT applications, to gauge their strengths and weaknesses and determine what investments need to be made to ensure they support business innovation; and
- Enterprise architects, since they possess vital information that spans applications, data, and technology, and provides a comprehensive and complete view of IT assets and their interdependencies.

After completing these activities, you are now prepared for the final step in the planning stage: answering the first of three questions that capture the essence of the strategy process:

1. Where are we now (i.e., IT's current maturity status, or the "as-is" situation)?
2. Where would we like to be (i.e., the future state, or the "to-be" situation)?
3. How do we get there (in terms of strategic investments, prioritization of resources, projects, etc.)?

To complete the "as-is" assessment, answer the following questions:

CORPORATE PLANS

- What is the organization's business strategy?
- What are the organization's business goals?
- What is the vision of senior management?
- How are IT's goals aligned with the business's goals?
- Are IT's resources aligned with its goals and objectives?

BUSINESS PROCESSES

- What are the business's current processes and workflows?
- What issues is the business facing that IT can address?
- Are there any process or step redundancies that can be eliminated?

APPLICATION AND DATA INVENTORY

- Which systems are currently in place?
- What business function(s) are they supporting?
- What are the strengths of these applications? What are their weaknesses? What problems are you facing?
- What are the pros and cons of the current data architecture?
- What is the application and data architecture model and does it need enhancing?



- What is IT's build-versus-buy methodology?
- Can data duplication be overcome using a centralized, common database?
- Are application interfaces being well managed using standardized middleware?

INFRASTRUCTURE

- What is the architecture of the current infrastructure (e.g., hardware, servers, interfaces, operating systems, middleware, etc.)?
- Is the data center and technical environment up to date with the latest technologies?
- Are there policies and standards in place for managing the technical environment in a streamlined fashion?

PEOPLE

- What are the organization's people strengths?
- Where can improvements be made? What are the staff's training needs?
- Is IT able to attract and retain people with a variety of talents?
- Does the current organizational structure support a satisfactory division of work?
- Is IT outsourcing or offshoring?

FINANCE

- How well does the current budgeting process work?
- How does project spending align with the business's goals and drivers?
- How are IT investments prioritized?

PROJECTS

- How does IT prioritize projects?
- Does project delivery consistently meet agreed-upon timelines?

CUSTOMER FOCUS

- How is IT's customer focus directed?
- How is customer satisfaction measured?
- Do customers have sufficient channels for requesting follow-up information?
- Does the IT staff have strong technical knowledge and overall business awareness?
- Does IT adapt well to changes in the business model?

IT SERVICES

- Does IT provide reliable, available services?
- Does IT support business innovation?
- Is IT good at safeguarding the company's intellectual assets?
- Is IT proactive at identifying business needs and offering smart solutions?
- Do IT's current support processes enable it to meet its SLAs?

Each of these questions should be assigned a maturity score between one (nonexistent) and five (optimized). The answers can then be mapped and analyzed. This completes the planning stage and prepares IT for the implementation stage.

In the next issue of *SupportWorld*, we will explore the remaining phases of the IT strategy development process. In the meantime, be sure to visit www.HDIConnect.com and download a PDF copy of my IT strategy toolkit.

About the Author

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